

Message Text

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E.O. 11652: N/A

TAGS:EAID, CE

SUBJECT:MOV: PROPOSED LETTER OF AGREEMENT

REF: A) COLOMBO 1739; B) STATE 136881

1. RE REFTEL PARA 2A, CONFIRM YOUR FIGURES BASED ON NINE SEMI-ANNUAL PAYMENTS RATHER THAN EIGHT AND GIVEN FORMULA CITED REFTEL A.

2. WE DO NOT UNDERSTAND PARA 2(B) REF A AS IT APPLIES TO QUOTE ARREARAGES UNQUOTE. THERE ARE NO ARREARAGES ON DLF-8. THERE ARE, HOWEVER, SUPPLEMENTAL RUPEES DUE ON THIS FULLY PAID LOAN AND THEY CANNOT BE FORGIVEN.

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ALTHOUGH WE MISSED NOTING IN REF B,LETTER OF AGREEMENT AS

DRAFTED DOES NOT DISPOSE OF ANY OF THE SUPPLEMENTAL RUPEES DUE ON ALL DLF LOANS (1.9 MILLION). WE NOT AWARE IF IT YOUR INTENTION TO SETTLE THAT QUESTION AS SEPARATE MATTER. IF THIS SO, BELIEVE WE NEED ADD SPECIFIC RESERVATION TO LETTER OF AGREEMENT TO AVOID POSSIBLE MISINTERPRETATION LATER THAT SUPPLEMENTARY RUPEES HAVE BEEN COVERED. IF IT YOUR INTENTION TO SETTLE IN PRESENT AGREEMENT YOU HAVE TWO ALTERNATIVES. FIRST, REQUIRE LUMP SUM PAYMENT ALL SUPPLEMENTAL RUPEES ON JULY 1, 1974. SECOND, TOTAL MAY BE SPREAD OVER FOUR YEAR PERIOD AS WITH ARREARAGES, EXCEPT THAT DLF-8 MUST BE PAID IN LUMP SUM ON JULY 1, 1974 SINCE LOAN IS OTHERWISE FULLY PAID. SHOULD GSL DESIRE SPREAD

PAYMENTS ON OTHER DLF LOANS WE MUST CHARGE INTEREST AT CONTRACT RATE FROM JULY 1, 1974 TO PAYMENT DATE. IN EITHER CASE WE NEED KNOW GSL PREFERENCES AND YOUR RECOMMENDATION, AND THIS WOULD REQUIRE LANGUAGE FOR SEPARATE SECTION OF LETTER OF AGREEMENT FOR OUR APPROVAL PRIOR SIGNATURE AGREEMENT. CABLE SUGGESTED LANGUAGE ASAP.

3. RE PARA 3A: PROBLEM RESOLVED BY DELETION EIGHT SECTION 2(B)(2) OF DRAFT LETTER WHERE IT APPEARS. IN FIRST SENTENCE PARA 2(B)(2) FOLLOWING ,APPROXIMATELY EQUAL SEMI-ANNUAL INSTALLMENTS" AND BEFORE "COMMENCING ON OR AFTER JULY 1, 1974" INSERT "OVER A PERIOD NOT TO EXCEED FOUR YEARS." FYI: WE CALL YOUR ATTENTION TO DLF LOAN 4 WHICH MATURES DECEMBER 1, 1977. LAST PAYMENT OF ARREARAGES IS DUE ON THAT DATE, ALTHOUGH LESS THAN FOUR YEAR REPAYMENT PERIOD, SINCE ALL PAST DUE PAYMENTS ON LOANS MUST BE MADE ON EXISTING AMORTIZATION PAYMENT DATES IN ACCORDANCE WITH THE AGREEMENT. WE CANNOT REPEAT NOT EXTEND THE MATURITY DATE OF THIS LOAN. END FYI.

4. RE PARA 3B: CONCUR BOTH INSERTIONS. ASSUME WORD "AFTER, INTENDED TO READ "BEFORE" AND INTENTION WAS TO DELETE "TOGETHER WITH INTEREST THEREON" IN PRESENT TEXT.

5. RE PARA 3C: YOUR UNDERSTANDING CONFIRMED. SISCO

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